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SUBJECT: Lame Duck German Governor Kicked Upstairs as New Energy Commissioner in Brussels

REF: Frankfurt 002808

Sensitive but unclassified; not for Internet Distribution.

¶1. (SBU) Chancellor Angela Merkel nominated Baden-Wuerttemberg (BW) Minister President Guenther Oettinger as EU Energy Commissioner primarily to remove an unloved lame duck from an important CDU bastion. The move was not the promotion of a valued colleague as Merkel's allies sought to portray it. Rather, Oettinger's increasing loss of party support in BW compelled Merkel to push Oettinger out to protect her support base there. Oettinger is noted for a lackluster public speaking style, and some commentators have asserted that Merkel, who has often stood out at EU meetings, wanted to appoint a German Commissioner who would not outshine her.

¶2. (SBU) Germany has a time-honored tradition of sending unwanted politicians to the EU Commission, although departing SPD EU Industry Commissioner Guenter Verheugen proved his worth during his tenure. Oettinger has criticized Merkel for her policy stances (on federal support to Opel and on generous subsidies to the former eastern states, for instance) and her purported lack of leadership while antagonizing other influential CDU leaders. In addition to being a poor public speaker, he has a tendency to put his foot in his mouth. The best-known example was his ill-advised 2007 defense of a CDU predecessor as an opponent of the National Socialist regime, despite his documented pro-Nazi war record. Nonetheless, Oettinger is said by industry sources in Baden-Wuerttemberg to be an efficient behind-the-scenes negotiator.

¶3. (U) Merkel was criticized for choosing the energy portfolio, which many derided as too insignificant for Germany. Werner Langen, CDU/CSU caucus spokesman in the EU Parliament, said the portfolio has "lost significance." Prominent Green Member of the European Parliament, Reinhard Buetikofer characterized it as "not particularly influential," and Der Spiegel called it a "makeshift job." The EU Energy Commissioner is responsible for issues such as supply security, energy R&D and efficiency, competition in the gas and electricity markets, infrastructure and low carbon technologies. However, key issues such as energy security and climate change are not in the portfolio; nor will Oettinger take over the role of EU Commission Vice President from Verheugen.

¶4. (U) Oettinger has an academic background in law and economics and professional experience as a tax consultant and accountant. His political expertise is in media policy. His background in energy appears limited to public support for nuclear power and the extension of power plant operating licenses. His pro-nuclear stance is in stark contrast to many other German politicians, who support the phase out of nuclear power. This endears him to the EU, which is focused on diversification of energy sources and does not exclude nuclear energy. Nuclear power plants supply most of BW's energy while

renewable energy and fossil fuels do not play a significant role. Oettinger has not expressed interest to date in energy issues other than nuclear. His priorities in his list submitted to the EU Parliament in the run up to the January hearings of the candidate Commission are reportedly vague.

15. (SBU) Parliamentarians, skeptical of several members of the new Commission, are likely to display particular interest in Oettinger's views on binding energy efficiency targets and encouraging more competition in internal energy markets. Although Germany has embraced a controversial domestic goal of increasing energy efficiency by 20% by 2020, it has yet to translate the EU energy efficiency directive into national law. Germany has also steadfastly opposed liberalization of its power sector oligopoly (what Brussels calls "unbundling") although individual German companies are slowly moving in that direction. Oettinger's stance on the internal energy market will also be of particular interest to European parliamentarians, who see France, and particularly French power giant EdF, as a major barrier to opening up the market. EdF is a major share-holder in BW regional energy supplier ENBW, which operates the state's nuclear power plants -- and with which Oettinger is known to have warm relations.

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